

ANALYSIS OF AMENDED BILL

Author: Burton Analyst: Marion Mann DeJong Bill Number: SB 319
Related Bills: See Legislative History Telephone: 845-6979 Amended Date: 03/25/1999
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Participate In The Joint Enforcement Strike Force On The Underground Economy

SUMMARY OF BILL

This bill would extend the authority of the Joint Enforcement Strike Force on the Underground Economy until January 1, 2006. This bill would also extend the authority of the Labor Commissioner to designate, authorize and train an employee of any agency participating in the strike force to issue citations and to issue and serve a penalty assessment order.

SUMMARY OF AMENDMENT

The March 25, 1999, amendments extended the authority of the task force until January 1, 2006.

EFFECTIVE DATE

This bill would become effective on January 1, 2000.

LEGISLATIVE HISTORY/BACKGROUND

Under Executive Order W-66-93, Governor Wilson established a Joint Enforcement Strike Force on the Underground Economy consisting of the Employment Development Department, the Department of Consumer Affairs, the Department of Industrial Relations and the Office of Criminal Justice Planning. In addition, the Franchise Tax Board (FTB), the State Board of Equalization and the Department of Justice were encouraged, but not required, to participate in the strike force.

The general purpose of the strike force was to coordinate enforcement activities and share information for combating tax evasion problems and the failure to pay wages that are legally due. Emphasis was placed on enforcement of provisions relating to the payment of wages in cash with the intent to avoid the payment of taxes.

SB 1490 (Stats. 1994, Ch. 1117) statutorily established the Joint Enforcement Strike Force on the Underground Economy that was created by Executive Order W-66-93. The task force had essentially the same duties and powers as under the Governor's executive order. In addition, SB 1490 required the strike force to make annual reports to the Legislature, including recommendations for statutory changes to combat the underground economy. The task force's authority will expire on January 1, 2000.

SPECIFIC FINDINGS

Under current law, the composition, duties, and powers of the Joint Enforcement Strike Force on the Underground Economy are repealed January 1, 2000. FTB has

Board Position:

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Department Director

Date

Gerald Goldberg

7/1/1999

participated on the strike force.

This bill would extend the composition, duties, and powers of the strike force, as currently authorized, until January 1, 2006.

Implementation Considerations

This bill would not directly impact the programs or operations of this department.

LEGISLATIVELY MANDATED REPORTS

The strike force is required to report annually to the Governor and the Legislature during the period of its existence regarding its activities.

FISCAL IMPACT

Departmental Costs

This bill would not significantly impact the department's costs.

Tax Revenue Estimate

The continued activities of the Joint Enforcement Strike Force on the Underground Economy and the sharing of information by participating agencies may increase public awareness, which could result in more stringent enforcement efforts on behalf of participating agencies. To the extent public awareness is increased and enforcement methods are improved, self-compliance and collections may also be enhanced. This bill, therefore, would have positive revenue effects.

BOARD POSITION

Pending.